

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 155 – HB 1671

March 25, 2009

SUMMARY OF BILL: Creates the Business Ombudsman Act which requires the governor to appoint, and the General Assembly to confirm, a business ombudsman for the purpose of being a liaison between business interests and state government agencies having regulatory or oversight responsibilities over such businesses.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$277,500/FY09-10

\$370,000/FY10-11 and Subsequent Years

Assumptions:

- The ombudsman shall report directly to the Governor, utilize personnel of the Department of Economic and Community Development (ECD) to the extent practicable, and be compensated the same salary and benefits as a state judge at the trial court level or higher.
- According to the Administrative Office of the Courts (AOC), a trial judge salary is currently \$148,668 per year. AOC projects the mandated CDI increase to be 3.8 percent. Therefore, the salary of the ombudsman is estimated to be \$154,300 per year ($\$148,668 \times 103.8\% = \$154,317$).
- Based on family insurance coverage and judge's higher retirement rate, AOC projects benefits for the ombudsman position to be 37 percent of salary. Therefore, benefits to be received by the ombudsman are valued at \$57,100 per year ($\$154,300 \times 37.0\% = \$57,091$).
- Operating expenses are estimated to be \$15,900 per year.
- The total increase to recurring state expenditures related to the ombudsman position is estimated to be \$227,300 per year ($\$154,300 + \$57,100 + \$15,900 = \$227,300$).
- According to ECD, there are 132,084 businesses currently operating in Tennessee. This number is assumed to remain constant.

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- It is estimated that 0.5 percent of businesses (660) raise issues with the ombudsman each year.
- According to ECD, the Department does not have the personnel and other resources available to provide the level of assistance to carry out the provisions of this bill given the potential number of annual cases. As a result, the Department would require two additional Executive Administrative Assistant 2 positions. The associated increase to recurring state expenditures is estimated to be \$142,700 per year (\$88,200 salaries, \$45,500 benefits, \$9,000 other).
- The total increase to recurring state expenditures is estimated to be \$370,000 per year (\$227,300 + \$142,700 = \$370,000).
- The bill allows 180 days after the effective date of the act for the Governor to appoint the ombudsman. It is assumed that a period of three months will elapse from the effective date to the date of the appointment. Therefore, the first year impact is estimated at 75 percent of the first full year impact.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/rnc